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APEX AUSTRALIA
50 YEARS OF COMMUNITY SERVICE

NATIONAL PRESIDEN
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22 March 1982

Mr T Magi
Secretary
Standing Committee on Foreign
Affairs and Defence
Parliament House
CANBERRA ACT 2600

Dear Sir

Senate Inquiry on East Timor

Apex Australia wishes to comment on matters being referred to this Inquiry and requests that this letter be formally presented to the Committee.

1. Apex - is a young mens' service organisation which has as one of its ideals the promotion of international understanding and friendship. We are active in International Relations and have initiated constructive projects such as work parties and bursary schemes in overseas countries. Apex is a member of the World Council of Young Mens' Service Clubs.

2. Government Policies and Responsibilities - In this context we wish to comment on the situation in East Timor with particular reference to Australian Government policies as they affect the people, particularly young people.

3. Conditions in East Timor - It is beyond doubt that there has been great social and economic dislocation in recent years. Numerous accounts from a wide range of sources, over several years, cannot be ignored or dismissed as totally biased or untrue. We believe Australia should help to relieve this situation with humanitarian assistance.

4. Independent Survey - We urge the Australian Government to insist on the immediate allowance into East Timor of an independent assessment team to evaluate conditions there.

5. Aid Agencies - We believe that Australia should press for direct access to East Timor for Australian Aid agencies. As a non party political body, Apex could assist, if required, with aid programs.

6. Family Reunions - There are many Timorese in Australia separated from their families in Indonesia and East Timor. We urge the Australian Government to permit the entry of family members from overseas and allow for reunions, particularly for ethnic Timorese. We urge the Government to insist on their release to this country. We are particularly concerned for the parents and families of isolated children in Australia.

7. Immigration Team - Australia should insist that an immigration team be allowed to go to Dili to investigate applications from people wishing to reunite with their families in Australia.

8. Australia's Role - This country has had historical links with East Timor over many years. In the Second World War Timorese saved the lives of many Australian soldiers. We believe that Australia has an obligation to assist the citizens of a country very close to ours.

Article 25 of the Universal Declaration of Human Rights states that "Everyone has the right to a standard of living adequate for the health and well being of himself and of his family ..."

Australia can show evidence of its believe in the Declaration by its actions regarding East Timor. To remain silent will allow our credibility and sense of justice to be questioned.

In making these comments, Apex has as its concern the well being of the people of East Timor.

Yours faithfully

Peter Baulch

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FACULTY OF ECONOMICS AND POLITICS
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Your Ref:
In Reply Please Quote:

2nd April 1982

Mr T. Magi,
Secretary,
Senate Standing Committee on
Foreign Affairs and Defence,
Parliament House,
CANBERRA ACT 2600.

Dear Mr Magi,

Thank you very much for giving me a few extra days to make my submission to the Senate Inquiry into East Timor.

I am writing this submission as one who has never visited East Timor but has lived with its anguish for many years. My concern with Indonesia and Australian-Indonesian relations is of long standing. It goes back to the four years I had in Indonesia in the 1950's. (I was then working for the Indonesian Ministry of Information). It has been the central element of my teaching, research and writing since I became an academic in 1960.

I followed events in East Timor closely in the 20 months which followed the Portuguese coup of April 1974, partly as the supervisor of Helen Hill's MA thesis on Fretilin. I have been following East Timor developments fairly closely since the Indonesian invasion. I discussed them frequently in the two research visits I made to Indonesia in December 1977-February 1978 and December 1980-February 1981.

Writing in haste, I shall limit myself to a bald presentation of five propositions on aspects of the Inquiry's concerns. I would be happy if the Committee were willing to allow me to appear before it to amplify these.

(1) It is unlikely that the cast which Indonesian politics has had in the last 16 years will last much longer. The Suharto government has given Indonesia an impressively long period of political stability and continuity. But few careful observers of the Indonesian political scene see the political system Suharto has built as effectively constitutional. The March 18-19 riots in Jakarta and nearby centres, coming on top of the more serious riots which took place in Central and East Java in November 1980, confirm the picture of a political system in which the externals of constitutional democracy--parliament, elections, the civilian party system and an independent judiciary--exist around a structure of a very different kind. The central fact about Indonesian politics remains tight control in the hands of a small military elite which deals harshly and manipulatively with its adversaries and so invites them to resort to clandestine forms of political opposition.

Concepts [illegible] [illegible]

Many supporters of the Suharto government, in Indonesia and Australia, project a future in which army rule of the type currently exercised will continue for another decade. They may prove to be right. But the odds seem to me to be against that projection--for reasons I set out in November 1979 (The paper, "Legitimacy Questions and the Suharto Polity", is attached). My sense of conviction on this point has grown in the intervening period, with the evidence of steadily rising labor unrest and the emergence of a new boldness in the tone of opposition groupings of various kinds.

I do not propose to present the Inquiry with an alternative projection. But it seems likely that the coalition of opposition groupings which emerged in late 1973, reemerged more strongly in the second half of 1977 and has been showing its many faces vigorously since September 1981, is likely to play a major role in the next decade.

This is a coalition of Muslims, Nationalists, ex-generals and students which has very wide appeal, both in the urban middle classes and in the country as a whole. One of its principal demands, expressed in the Petition of 50 of 1980 is for legislation which would allow the emergence of freely organized parties--in addition to the three pseudo-parties which are currently permitted a legal existence.

The principal leader of this coalition--though he is careful not to project himself as that--is the former Marines General and ex-mayor of Jakarta, Ali Sadikin. Sadikin is seen as a dynamic nationalist, an effective administrator and a politician able to establish rapport with Indonesians outside the army, the bureaucracy and the professional strata.

Many observers of the Indonesian scene see Sadikin as having no chance of emerging to power because his strong stands against the Suharto leadership have lost him support in the army. But others say that many of the officers who now criticize Sadikin would switch their loyalties to him quickly once it was clear that the groundswell of opposition to Suharto was irresistible.

(2) A significant number of important leaders in Jakarta actively favor exploring the possibility of a disengagement from the East Timor incorporation, though most of them are unwilling to say this in public. Indonesian perceptions of what is going on in East Timor have long been notoriously difficult to glean. How does one judge the representativeness of A's view against B's in a situation where each has only fragements of knowledge about East Timor and one of them has perceptions it is dangerous to express publicly (and often also privately)? In this situation it is commonly argued by well-informed people that even Indonesians who are strongly critical of most of their government's policies are loyal and compliant on East Timor. Such people, it is said, privately criticize the army's racketeering practices there and some of them make cynical comments about its exaggerated claims to have destroyed Fretilin and satisfied the aspirations of the people. But they seem to see the undoing of Indonesia's control over the territory as impossible and are not sure that it is desirable.

This is an accurate description of perceptions among a large number of middle class Indonesians of dissident sympathies. But it does not encompass the leadership of that group. Within this

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leadership--and I am speaking here of a group of political sophisticates, perhaps no more than 100 people in all, but representative of Muslims, Nationalists, ex-generals and ex-student leaders--there is willingness to reopen agendas on East Timor, as on many other matters which the Suharto government has declared to be beyond controversy.

The members of this leadership group are fairly well informed on East Timor. They know that Fretilin has survived the military onslaughts it has suffered and that the self-determination cause continues to have broad popular support. They also know that Indonesia has had to pay a heavy diplomatic price for its violation of repeated resolutions of the UN General Assembly on East Timor. Most of them want Indonesia to return to the roles it was playing between 1947 and 1965 as an active participant in movements for Third World solidarity, roles which have been largely forfeited in the Suharto period; and many believe that turning over a new leaf in relation to East Timor will need to be part of the process of Indonesia's reestablishing its Third World credentials.

These dissidents or oppositionists are not of course wholehearted supporters of the Fretilin cause. But they see the decision to invade East Timor as a mistake or a misconceived adventure. Many of them see it as a misadventure which typifies what is wrong with the Suharto government, its reliance on manipulative intelligence operations and naked coercion. (Some of them blame the US and Australia for having given green lights in relation to the invasion). Aware of the comparison which has often been made with America's role in Vietnam, they believe that "there surely must be some way to get ourselves off the hook in East Timor".

The fact that few Indonesia watchers have commented on this set of perceptions is partly to be explained by the importance of the Timor issue to the intelligence generals. In this context it is important to highlight the role of Lieut.-General Benny Moerdani, the main architect of the operational side of the East Timor invasion, who is currently head of Armed Forces Intelligence. The sophisticates among Indonesia political dissidents are well aware of the strength of Benny Moerdani's feelings on East Timor, and of how dangerous it is to attract Moerdani's attention as a harborer of dangerous thoughts.

Another part of the reason why few Indonesia watchers have perceived the set of orientations I am describing has to do with a more general tendency for opposition groups to avoid seeming critical on "national" issues lest they provide the government of the day with a means of portraying them as anti-national. In this respect I see a close analogy with the attitudes of dissidents in the late Sukarno periods to Sukarno's "crush Malaysia" policies. Many Indonesians who were scathing in their denunciations of Sukarno's domestic policies in that period (in speaking privately to foreigners) were inclined to say that "there is a good deal of justification for his anti-Malaysia policies".

These people became active supporters of reconciliation with Malaysia as soon as Sukarno had been toppled. It is instructive to remember that a 180 degree change in foreign policy was effected within a mere five months of Suharto's coming to power (in March 1966).

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(3) Indonesia's commitment to the incorporation of East Timor is likely to be the subject of "agonizing reappraisal" in the post-Suharto period. This may seem a bold assertion in view of the impossibility of giving confident answers to the who, what and when questions about post-Suharto Indonesia. But it may be worth looking at the four most commonly discussed scenarios for their implications for East Timor.

These are:

1. One of the currently prominent figures of the present regime will take over and try to continue the basic policies of the post-1966 period, if necessary with increased levels of repression.
2. A little-known younger officer will take over and try to continue these basic policies, again with increased levels of repression if that proves necessary.
3. A little-known younger officer will take over and feel obliged to make major changes in the direction of opening up the system.
4. Someone, either currently prominent or a younger man will feel obliged to call on one of today's prominent opposition figures to create new hope, momentum and legitimacy.

In the event of the third or fourth of these scenarios coming to realization the new government would presumably distance itself sharply from many of the policies of the Suharto period which it sees as either unpopular or unsuccessful. There is a good chance that it would present itself as standing for a combination of the best elements of Sukarno's leadership and policies and the best elements of Suharto's (and the elimination of the bad elements of each of these).

Such a government would almost certainly declare itself to prefer political solutions to purely military ones and nationalist and Third Worldist policies to ones, reflecting neo-colonial dependency on the US and Japan.

Coming to the issue of East Timor, such a government would face a number of exceedingly difficult choices.

Three main reasons would be given for maintaining something very similar to the status quo. In the first place it would be argued that too many Indonesians have died in East Timor to make it conceivable that the armed forces would accept the undoing of the integration.

A second argument would be that major concessions to the East Timorese would have disastrous implications for Indonesian control of West Irian, where popular resentment of the established authority is as great (and where the possibility of guerrillas getting arms from outside is greater).

Finally it would be said that there is no real need to make far-reaching concessions to the East Timorese because token ones would be enough to take the sting out of the international criticism of Indonesia over East Timor. The states which associate themselves actively with the Third World solidarity cause would quickly welcome Indonesia's expressed desire to rejoin their ranks and would therefore urge the East Timorese to come to terms with Indonesian control.

However I believe it is likely that each of these arguments would be countered.

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(4) The case for the viability of small states is much stronger than suggested in most public discussion in Australia. The conventional 1950's-1960's notion that small states are not viable, that their establishment flies in the face of a global trend for human beings to organize themselves in progressively larger and more complex economies and societies, has lost plausibility.

It is clear that a large number of mini-states created in the period of decolonization have survived. Some can be said to enjoy a high measure of political, economic and social health, others a very low one. But few would maintain that the conditions of life are markedly worse in Fiji, Tonga, Barbados or Mauritius than in economically and socially comparable countries of much greater size.

Africa is probably the easiest continent to take as a "laboratory" for generalizations of this kind. Would anyone seriously contend that the conditions of life are markedly better in the African states whose population is above one million than they are in those where it is below that line? It would certainly be easier to argue that the more culturally cohesive of the African states are happier, less repressive and more consensually governed places than those where cultural, ethnic and linguistic divisions run deep.

The idea that states are viable only if they are large enough to enjoy a high degree of economic autonomy or internal economic integration is fanciful, because it is virtually impossible for any state to achieve that in today's world of fast growing interdependence. China, Burma and Albania are examples of countries that have tried hard to withstand the global trends in this respect but with little success.

As far as most Third World countries are concerned, they are heavily dependent on economic and political actors much stronger than themselves--states of the industrial world, larger Third World neighbour states, transnational corporations and U.N. and other international agencies and organizations. The essence of their statecraft is to manipulate these external elements in ways which produce maximal advantage (loans, subsidies, investments, protection) and minimal cost (not too much destruction of indigenous crafts, industries and cultural traditions, nor too much denial of autonomy as regards domestic political arrangements and foreign policy choices.)

In this new situation of accentuated dependence and interdependence (in the case of most Third World countries, more of the former than the latter) states like Finland and Bhutan which have more or less formally accepted restrictions of their sovereignty in deference to the wishes of stronger neighbour states do not appear as deviant cases. Rather, they are formal versions of something which is informally general. Many would argue that Australia's position is not very different!

As I see it, successful statecraft in poor countries has a lot to do with the cultural cohesion of a state, because cultural cohesion makes it more likely that internal conflict will be resolved without resorting to high levels of repression, and that governments will be legitimate in the eyes of its citizens.

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The attached article by Nathaniel H. Leff, "Bengal, Biafra and the Bigness Bias" (Foreign Policy, No. 3, Summer 1971) develops these and some related arguments. The analytical orientation which underlies them is that of Richard A. Falk, the Princeton University world order theorist. See especially his Human Rights and State Sovereignty (1981).

are elitist too!

(5) Australian responsibility for the tragedy of East Timor needs to be understood in relation to the role of the "Indonesia lobby" within the Australian government, and of the conditions which have given this lobby its dominant influence. This lobby includes a majority group of Indonesia specialists in the Foreign Affairs Department and some very senior figures of this Department. It also includes Indonesia watchers and former Indonesia watchers in other government departments and among service officers, and people of similar background in the academic and journalistic worlds.

In using the word "lobby" for the group I do not mean to imply crude or simply material interest. The group is held together by a common outlook and ethos rather than material interests. Its members' outlook is a coherent one. Most of them have genuine affection for Indonesia and its people. And their concern to combat racism in Australia is idealistic. Moreover there are men of very great ability among them.

I am not concerned to denigrate the members of this group. Some of them are my friends. But I believe that they are insensitive to some crucial aspects of contemporary Indonesian reality. Their outlook is rooted in a particular set of 1960's experiences--basically a perception of the late Soekarno years as disastrous and of Soeharto's accession to power as a Godsend. And it is rooted in a set of elitist and Jakarta-centric misperceptions of what has been happening in Indonesian society in the last ten years.

How does one account for the influence of these men and this distinctive cast of mind, whose contribution has been so important in the fashioning of policies on East Timor?

One part of the explanation relates to certain traditions in the ways the Australian Embassy in Jakarta conducts its business. Ever since the late 1960's, the senior personnel of the embassy have enjoyed close and highly valued relationships with Jusuf Wanandi and Harry Tjan Silalahi, two exceedingly able and personable brainstrusters of the Indonesian government, who are central figures of the Centre for Strategic and Indonesian Studies (CSIS) and key aides to Generals Ali Murtopo and Benny Moerdani, and who have fully considered views on how Australian-Indonesian relations should be guided.

These two Indonesians have been exceedingly helpful to Australian diplomats in getting doors opened and messages transmitted to the highest levels of government. And they have had a powerful influence on the way a long line of Australian officials view the problems of Indonesia and of Australian-Indonesian relations.

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The basic tenet of the philosophy which the CSIS figures have persuaded Australian diplomats and other officials to accept is that good relations between two neighboring states of sharply contrasting historical and cultural background and levels of material development requires the government of each side to take active steps to check

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such popular pressures as are likely to disstabilize the relationship.

But why have so many senior Australian officials been prepared to adopt this philosophy--which puts a heavy obligation on Australian governments to manage public opinion? The answer is partly historical its roots in the Australian-Indonesian relationship of the early 1960's. In that period Australian diplomats were not only frightened by Sukarno's leftism and nationalist sabre-rattling. They were also worried by the panic they saw in Australian media and public responses to Sukarno. The lesson they drew and continue to draw is that Australian policy must guard against the possibility of a situation arising once more in which traditional Australian fears of yellow and red hordes descending from the North are reawakened.

However, a further condition needs to be considered if we are to account for the centrality of this lesson as an element in the Indonesia lobby's thinking, and its continuing importance to the present time--in the face of evidence that racist fears have become markedly less important in Australian perceptions of the external environment. This is the fact that diplomats, like military men, are trained to view the world in state-centric ways.

This means that they tend to identify with the perspectives of state managers in the countries in which they are stationed. They tend to be impressed by "pragmatic" men who are "getting on with the job of government" and are impatient with the "unrealistic ideological posturing" of counter-elites and leaders of social movements. They are often either cynical or apprehensive about popular movements, even where these are manifestly creative and culturally authentic.

A final factor that deserves consideration when one is trying to account for the influence of Indonesia lobby thinking on Australian policy in relation to Indonesia is the fact that non-governmental groups have had very little say in the shaping of that policy.

With the exception of some Amnesty and Church pressures on the Indonesian political prisoners issue before 1977, and business groups associated with the Australian-Indonesian Business Corporation Committee, non-governmental groups in Australia have exercised little influence on most aspects of Indonesia policy. Such groups have certainly been effective in keeping the East Timor issue alive. But non-governmental concern on other aspects of Australian-Indonesian relations has been slight.

Indonesian visitors frequently say--and the complaint comes as often from anti-Suharto people as from supporters of the government-- that Australians see Indonesia through the prism of East Timor. I believe they are right.

Now the logic of Indonesia lobby thinking would have us take comfort from the fact that pressures from non-governmental groups in Australia are few (except on East Timor). According to this logic the deterioration of Australian-Indonesian relations since 1975 has resulted from "all that yelling and screaming about East Timor" by the press and church and aid groups in Australia.

My own view is that Australian-Indonesian relations would probably be better if the non-governmental input into our Indonesia policies were greater, if the state-to-state dimension of relations between

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our two countries were more heavily influenced by persons involved in people-to-people relationships. I am thinking not only of people from church and aid groups, universities and the media but also of Australians who have lived in Indonesia, Australians with Indonesian spouses and Indonesians who have lived here for a long time. All of these are people whose interest is in the long-term aspect of good relations between the two countries.

In particular I believe that the cause of fashioning good relations between our two countries on a long-term basis would be greatly helped by Parliament playing a more active role. Greatly as I welcome the Senate's initiative in conducting the present East Timor Inquiry, I would be even happier if a similar inquiry were conducted into the broader matter of Australian-Indonesian relations. The U.S. Congress provides us with admirable models in this whole area.

Ironically, the *Realpolitik* orientation of the Indonesia lobby, its members' willingness to ignore violations of human rights and self-determination principles in the cause of Australia's long-term interest in keeping good relations with Indonesia, has failed on its own terms.

The six years of war, repression, famine and cover-up which have resulted from the invasion of East Timor have caused enormous damage to Australian-Indonesian relations.

These relations would now be better, I submit, if the Whitlam government had gone to the United Nations in 1975 and launched a vigorous diplomatic campaign to deter the Suharto government from embarking on the invasion it was threatening.

Herb Feith.

Herb Feith
Reader in Politics

from
J J Fox et al, eds.,
Indonesia: Australian Perspectives,
(Australian National University Press, 1981)

Appendix I
to Feith submission

LEGITIMACY QUESTIONS AND THE SUHARTO POLITY

Herbert Feith

A quick survey of Indonesian politics in the last four years before Nov. 1979 suggests that the Suharto polity has survived a period of high instability - in a way which makes it arguable that those like myself who expected radical discontinuities in the country's politics were operating on false assumptions. The long period of stability and continuity which began in 1966 and was re-established after the January 1974 riots certainly looked to be threatened by a number of events between early 1976 and early 1978. That two-year period was replete with embarrassments for the government: the revelation of Pertamina's huge debts, the failure to achieve either military or diplomatic victory against Fretilin in East Timor, several big corruption scandals and the need for a drastic expansion of rice imports in 1977. And it was replete with challenges, particularly the attempted 'spiritual coup' of Sawito Kartowibowo in 1976, the fiery Muslim denunciations in the rallies which preceded the May 1977 elections, and above all the student-spurred opposition movement, indulged at least episodically by sections of the army leadership, which flourished in the six months before the People's Consultative Congress session of March 1978.

But Suharto was successful in getting himself re-elected at that session of the Congress. And, once re-elected, he quickly defused the major challenges to his rule. In the period since March 1978 many of those who are knowledgeable about Jakarta politics have been talking as if the present group of rulers can assume that their position is safe, at least until the elections scheduled for 1982.

Are we then to assume that those who spoke in 1976-78 of a situation of regime impasse were seriously underestimating the ballast which supports the Suharto project? Are we dealing with a polity which is now well on the way to becoming institutionalized? I myself continue to question judgements of this kind. But I am now more inclined than I was two or three years ago to concede that the continuityists have a chance of winning their wager. The arguments for probable rupture are still strong, particularly in the light of instabilities in the political economy of the world at large. But those who expect further continuity and a dialectic of reform have a case worth serious consideration - whether they are arguing that the regime has proved its flexibility in a fast-changing international environment, or that it has proved to be responsive to the demands of its middle class constituency, or that it will continue to draw strength from middle class fears of the Pandora's Box of popular politics being opened once more, or that it stands a good chance of remaining the beneficiary of crucial external support from the US and Japan.

In this paper I want to look at the questions of continuity, ballast and institutionalization from the point of view of one of its determinants, that of legitimacy. In addition I want to open up questions to do with how that one determinant is coming to be affected by a particular set of changes in world society and world culture.

What then are the patterns of legitimacy by which the Suharto polity is sustained? What are the would-be legitimizing messages its leaders send out -

(a) to the members of the state apparatus;

(b) to the non-apparatus members of the political public, and its various class and ethnic segments (the political public being seen as a group roughly coterminous with that of regular newspaper and magazine readers); and

(c) to the mass of the population, and its various class and ethnic groupings?

(My assumption is that achieving legitimacy in the eyes of the first two of these three categories has been a major objective of the Suharto leadership throughout its period of rule, and that it has also accorded some importance to achieving a measure of legitimacy in relation to the third category, though legitimacy is far less important there as a means of generating acceptance and compliance than coercion and manipulation.) And what are the responses to these messages?

Perhaps the central message the Suharto group sent out in its early years of rulership was 'We have saved the country from chaos, hyperinflation and the prospect of communist domination. Now leave it to us to establish stability on a solid footing'. Supplementing this were messages like 'All of us want development, and development requires the kind of stability that only continuing army rule can provide', and 'Our army has a right to rule because it is a special kind of army, one which has made unique contributions to the freedom and integrity of the nation in the past'.

After a few years these messages were further supplemented by 'Look how well we have done in economic stablization. And look how much foreign support and foreign investment we have attracted. We are a government the outside world trusts and one that delivers the goods'. And after the 1971 elections a further major theme was added: 'We are the legally constituted government, a government that has the consent of the people, expressed through the established procedures'. The relative importance of this last theme has grown since 1971, partly by the very effluxion of time as the events of 1965-66 have receded further from memory.

The Suharto government has also advanced a series of what might be called defensive appeals. They seem to me to fit into six main headings, corresponding to six main types of grievance with which it has had to contend. These are:

1. Nationalist appeals: 'We are standing up to the multinationals'. 'We are helping indigenous Indonesian businessmen against their established Chinese competitors', and 'We are taking an active part in the struggle for a New International Economic Order';

2. Traditionalist appeals: 'We are a government that does things in the Indonesian way', 'Far from wanting to make Indonesia a country of slavish imitators of Western ways, we are determined to maintain the vitality of Indonesian culture';
3. Moral appeals: 'We are taking firm action against corruptors, smugglers and other blood-suckers', 'We are maintaining vigilance against the encroachments of cosmopolitan decadence into our cities';
4. Egalitarian appeals: 'We are working hard to see to it that the new wealth is widely shared' and 'Development certainly means uplifting the victims of poverty in the villages and urban *kampung*';
5. Appeals to counter anti-military sentiment: 'We are moving away from a situation in which the armed forces are a privileged caste, though this has to be done slowly'; and
6. Appeals to do with political freedom: 'We do allow criticism, even when it is anything but constructive. Look at the freedom that students are getting to criticize the government. Look at the way the press is free to find fault with everything officials do. Look at the things the Muslims have got away with saying in pre-election rallies. And we have released most of the Communist political prisoners'.

But the principal would-be legitimizing messages are the positive ones. These are I think to be seen in terms of three main categories, legal-constitutional, practical-technical, and developmentalist. The three central messages are:

1. 'We are the established constitutional government, the guarantors of stability and orderly change'.
2. 'We are a group of practical sensible people who are doing the technically feasible things - and keeping a check on politics lest the old forms of sectionalism, fanaticism and traditionalistic irrationality re-emerge'; and
3. 'We are the promoters of development, the government that has transformed the skyline of Jakarta and moved Indonesia into a period of fast exciting change. We are the leadership group which is moving the country forward to a better future'.

I will not attempt here to address the question of how persuasive these would-be legitimizing messages have been to particular segments of the population. Rather I propose to look at some dimensions of what has changed over the last thirteen years with respect to legitimacy questions.

In other papers I have discussed the way in which the anti-populist backlash which undergirded the Suharto government's acceptability to middle class Indonesians in the late 1960s and early 1970s has more recently been ebbing. I have argued that this ebbing can be seen in the emergence of a new interest in the person and ideas of Soekarno and the birth of a new search for what is to be learned from Indonesia's history of emancipatory nationalism, particularly in its manifestations between 1908 and 1949 (see Feith 1978 and 1979). Here I propose to survey some predominantly external dimensions of cultural-intellectual change. I want to examine some new elements in the character of world society which are affecting Indonesian responses to the Suharto government's appeals for legitimacy.

My general argument is that the cultural-ideological character of world society into which Indonesia has become more and more fully integrated puts major restraints on the capacity of regimes like that of Suharto to justify exclusionary and anti-populist political arrangements, and anti-egalitarian trends in income distribution, by reference to an over-riding goal of fast development. A corollary is that Suharto's successors would be likely to come up against major politico-cultural obstacles, both international and domestic, if they attempted to move in the direction of a more streamlined and more repressive developmentalist polity.

Here I can do no more than sketch three dimensions of my avowedly speculative argument. The propositions are asserted in bald and unqualified form to provoke controversy.

THE INTERNATIONALIZATION OF POLITICS

What happens within nation-states has come to be determined more and more in the last fifteen years by actions taken beyond their borders, not only by processes of interaction and interpenetration among states and governments but also by the actions of intergovernmental agencies (OPEC, the Group of 77, UNESCO), of transnational corporations, and of transnational associations - religious, professional, scientific, and so on (World Council of Churches, International Press Institute, International Commission of Jurists, Amnesty International, Worldwatch Institute, etc.). This trend reflects the intensified internationalization of business activity in this fifteen-year period, especially the expansion of multinational manufacturing. It also reflects the fast expansion of international travel, especially conference travelling and tourism, the growing scale of labour migration, the expansion of expatriate communities (including communities of political exiles using the free space of other societies to organize opposition to the governments of their countries of origin), and the rapidly growing readership, listenership and viewership of transnational media organizations. Moreover it reflects the growing importance of transnational cultural flows, both those originating in the industrialized North, like James Bond, Donald Duck, Christian Barnard and Mohammed Ali, and those originating in the South or Third World, like reggae music, Indian gurus, batik and acupuncture. There are major political implications in the fact that the world is coming to be a global village, that growing minorities of people in every part of it are becoming involved in long'distance interactions with others outside their own countries and cultural regions, interactions which are becoming more fully empathetic and more frequently dialogic.

The internationalization of politics and the increased porousness of most nation-state borders means that the rulers of states, both powerful and weak, have no alternative but to pay increasing attention to norms and values which hold sway in the world outside their borders - because the successful management of states depends more and more on the skilful handling of events outside. Malcolm Fraser's recent stances in relation to racism and Zimbabwe-Rhodesia should probably be understood in this light.

In addition the political publics of all countries have come to include small but fast-growing minorities of persons whose perspectives on their own countries' problems are informed by a disposition to draw conclusions from what they see to have been happening elsewhere. Thus significant numbers of Indonesians have been drawing inferences for Indonesia in 1979 from what has been happening in Iran, South Korea, China, Kampuchea, Pakistan and the Philippines.

THE EFFORTS OF DOMINANT STATES TO ESTABLISH CONSENSUAL NORMS FOR WORLD SOCIETY

The dominant states and dominant classes of world society, frightened by the tenuousness of world order, have had a high and rising incentive in this fifteen-year period to support initiatives likely to enhance global stability. This is partly because of the tinderbox-like character of an increasingly militarized world, a world in which weapons of large-scale mass destruction are being acquired by more and more states. It is also because of the mounting urgency and saliency of various tasks requiring a wide measure of international co-operation, from hijacking and the atmospheric testing of nuclear weapons to world food shortages, refugee crises and the encroaching thresholds of ecological disaster - marine pollution, the destruction of forests, the dangers to the ozone layer, and so on.

Increasingly aware of these many dangers, the dominant states and classes have promoted a variety of initiatives intended to stabilize world order on the basis of at least minimal consensus. The heads of the OECD states have sought to draw in the leaders of the USSR, China and various states of the Third World behind efforts to fashion new rules and new values, not only rules governing inter-state transactions but also ones relating to the behaviour of states towards their citizens. So there has been a tendency for more and more areas of government business to become accepted as legitimate areas of international and transnational concern. This has occurred in relation to torture, the long-term arrest of untried prisoners, unexplained disappearances, the harassment of minorities and the denial of rights to emigration. And there has been a tendency for the major states to give increasingly active support to the attempts of UN agencies and other transnational bodies to fashion acceptable norms for political and social life within states, particularly norms to do with human rights, racial equality and the protection of the environment.

THE DECLINE OF DEVELOPMENTALISM AS AN IDEOLOGY

The same period has seen major changes in the way in which Third World societies perceive their problems. This is partly a result of the way in which Third World solidarity has grown in the years since OPEC's successes of 1973, of the processes by which the Group of 77 has become a major factor in the previously US-dominated United Nations, and of the way in which the world agenda has come to be shaped by demands for a New International Economic Order.

But it is also a result of other, subtler processes whereby the leaders and publics of Third World societies have been redefining their goals in response to the development debate, and particularly in the light of what they have observed of the questioning of social and cultural directions in the industrialized states. The various ways of new consciousness which Western societies have experienced since the 1960s, environmentalism, feminism, counter-culturalism, and more recently anti-nuclear-power movements and the search for alternatives in energy and technology - all of these have had major reverberations in Third World thought. In the words of the Brazilian, F.H. Cardoso, 'People in the Third World are convinced that alternative styles of development are possible - precisely because there is a crisis of confidence over the predatory-industrializing model among the elites of the industrialized countries' (Cardoso 1977, p.31).

It would of course be foolish to talk as if GNPism were dead in the Third World. Large numbers of Southern states continue to be ruled by people who see their central task as catching up to the advanced industrial states, and use this goal to justify policy stances which are pro-Western, exclusionary and repressive and anti-egalitarian. But stances of this kind have become difficult to justify in Third World assemblies, where the dominant ideological themes are those of the Cocoyoc Declaration of 1974: self-reliance, popular participation, basic needs, eco-development and the restructing of global society.[1] And for that very reason they are becoming increasingly difficult to justify at home.

I propose to argue that each of these three trends has helped to corrode the foundations on which Suharto's project was initially built. The managers of the project have adapted to a number of the elements of the changed situation - and have gained a degree of legitimacy as a result. But some of the gestures they have made in the direction of what their critics have demanded have been purely tokenistic, and manifestly so, and may thus have aggravated the legitimacy problems they face.

NOTE

[1] This Declaration and a number of similar documents are published in Erb and Kallab 1975. See also various contributions to *Development Dialogue* (Dag Hammarskjold Foundation, Uppsala), *Alternatives* (Centre for the Study of Developing Societies, New Delhi and Institute for World Order, New York) and *IFDA Dossier* (International Foundation for Development Alternatives, Nyon, Switzerland). The principal Indonesian vehicle of this orientation is *Prisma*.

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Appendix II
to Feith
submissio

Statement delivered to the Fourth Committee of the United Nations General Assembly on East Timor

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October 20, 1980

Mr Chairman, distinguished delegates:

It is with a profound sense of sadness that I speak before the Fourth Committee of the United Nations today on the question of East Timor, for I am obliged to criticize the government of a country, Indonesia, which I have studied, loved and learned from for over twenty years. But believing that the delegates have already heard much from other witnesses about what has happened from the point of view of the East Timorese, I feel that it may be more useful, and ultimately constructive, to address the issue from the perspective of Indonesia, though not of its present rulers.

It is imperative to understand that the Suharto government's attempted annexation of East Timor has had devastating consequences not only for that country, but also for Indonesia, and that this government's misrepresentation of the true facts to the outside world has been matched by no less serious misrepresentations to its own people.

Indonesian nationalism has long been a deep and powerful force, sufficient to sustain the country through over thirty years of political, and five years of armed struggle against Dutch colonialism. At no point in that long struggle for independence; nor under the liberal parliamentary regime of 1950-59 when freedom of expression was virtually complete for all groups; nor under President Sukarno's Guided Democracy of 1959-65, with its commitment to militant anti-colonialism; nor during the first decade of General Suharto's regime, did any significant group express the slightest interest in Portugal's remote Southeast Asian colony. Only when this 400-year old colony threatened to free itself from colonialism, thirty years after Indonesia's proclamation of its own independence, did a Jakarta government decide to intervene. This historical record shows that it is utterly false to claim that the "annexation" of East Timor is a resp to deeply-felt, long-standing ties of national brotherhood. (And one might add that if Jakarta's "brotherhood" claims are to be accepted at face value there are at least as good so-called ethnic grounds for annexing East and West Malaysia, some of the southern provinces of Thailand, Papua New Guinea, and mos of the Philippines.)

The utter irrelevance of the attempted annexation to Indonesian popular nationalism is signally demonstrated by the Suharto government's domestic handling of the issue, and by a variety of other evidence that I will shortly present. While Jakarta's closing of East Timor to foreign correspondents sinc the initial invasion of December 7, 1975 -- broken only briefly and damagingly at the beginning of this year -- is well known, a more significant indication of its bad conscience has been the even tighter internal censorship of and control over news about the realities of East Timor. From 1975 to the present the Indonesian mass media have steadily been obliged to maintain the palpable fiction that East Timor was rescued from radical Fretilin insurrectionaries by loyal East Timorese integrationists and brotherly Indonesian "volunteers." Virtually nothing has been reported to the Indonesian public about the fierce counter-insurgency campaigns of 1977-79 which may have cost the lives, by viol disease and malnutrition, of 200,000 East Timorese "brothers." More telling still, although the Jakarta forces have lost at least 2,000 dead, and possibly as many as 10,000 wounded, these -- and indeed any casualty figures — let alo the names of the dead, have been kept secret. Though these losses are the Indonesian military's most severe since the national revolution, the families of the dead and wounded have been left to nurse their grief in bitter silence: there have been no public ceremonies for the fallen or bestowal of decorations for valor in action. Yet at the same time, military operations involving

30,000 troops, aerial bombardments, naval shellings and blockades, and the virtual internment of tens of thousands of East Timorese in so-called "resettlement" camps, could not be kept entirely from the unofficial grapevine inside Indonesia. The real reactions of different groups of Indonesian to the calamity in East Timor is revealed by: horrified reports circulating within the Indonesian Catholic clergy; semi-standardized bribes paid by military men to personnel officers to avoid service in East Timor; reports of fragging of officers by their men; and the recent description of the East Timorese nationalists by a top Indonesian student leader, during his trial on trumped-up charges of insulting President Suharto, as comrades in the struggle against oppression by the Indonesian government.

Diplomatically, the cost of the East Timor adventure to Indonesia has been very high. For a nation intensely, and rightly, proud of acting as host to the historic first Conference of Non-Aligned Nations at Bandung in 1955, and of the late President Sukarno's prominent role in the world-wide fight against colonialism, it has been an enormous humiliation to have the claimed "integratio of East Timor repeatedly repudiated by the U.N. General Assembly, and, at the most recent Conference of Non-Aligned Nations in Havana, to find only 7 out of 93 delegations supporting its claim. Even the United States, so far Jakarta firmest diplomatic and military supporter, has been forced to concede publicly that no valid exercise of the East Timorese people's right to determine their own future has ever taken place. A well-respected scholar-official of the U.S. State Department has gone so far as to write that "Our initial response to the East Timor case was probably indefensible on legal grounds." These stinging rebuffs have been impossible to conceal from the Indonesian people, and the

Suharto government has been at a total loss to offer its people any plausible, or creditable, explanation.

East Timor has come to pose no less serious economic than military and diplomatic problems. In part, these are "local" tragedies arising from Jakarta's initial invasion and later counter-insurgency campaigns. Last December 4, Assista Secretary of State Richard Holbrooke told the U.S. Congress that, at that time, no less than 200,000 people in East Timor (over one third of the entire population) were living in what he and Jakarta call "resettlement areas." The real nature of these resettlement areas was revealed by *New York Times* correspondent Henry Kamm's January 1980 interview with an agricultural specialist working with the Indonesian military in East Timor, who said that the plan for removing and concentrating these people had been drawn up "largely for strategic reasons, placing the population where the army can control it." He added that "the resettlement project will make East Timor *permanently depende on food imports*." Coffee, traditionally East Timor's main foreign exchange earner, has, since the invasion, been monopolized, warlord style, by a company called P.T.Denog Hernandez International, dominated by General Dading Kalbuadi, commander of the Indonesian invasion forces. Coffee bought up from East Timores farmers at from 30-40¢ a kilogram has been resold in Jakarta for as much as $13 a kilogram. The devastation has been such that in the last year at least $9,000,000 have had to be contributed by outside agencies for emergency relief. If all this were not enough, the Suharto government, which has repeatedly tried to justify its actions by claiming that East Timor is not economically viable and cannot support its population, has recently designated the region a transmigration zone where peasants from Indonesia will be relocated.

With doubtless unconscious irony, the Secretary-General of the Ministry of Manpower, Transmigration, and Cooperatives, Mr. Urip Widodo, stated last January 14 that "It is impossible to develop this vast province with the small number of people living there." In fact it is clear that the transmigration program is to serve not economic needs, but a political strategy: the physical Javanization of East Timor.

Yet the economic costs are not being borne by the people of East Timor alone. The people of Indonesia also have been, and will in the future be, the losers. If East Timor becomes permanently dependent on food imports as a result of Jakarta's policies, those imports will only add to Indonesia's already huge external food deficit. In 1977-78, Indonesia had to import 2.6 million tons of rice -- about one third of the total amount of rice on the world market -- as well as one million tons of wheat. Today, rice-growing Indonesia is the world's largest importer of rice, and is likely to continue to be so. Aside from the heavy financial costs of counter-insurgency campaigns and military occupation, any serious attempt to "develop" East Timor by Jakarta will mean further difficulties for a population whose daily per capita income is around 6 "Development" of East Timor will mean diversion of resources from an Indonesian society, where life expectancy is 48 years, where real wages for agricultural labor have been declining for a decade, and where the lowest 20% of income earners gleans 7% of total income, while the top 5% gains almost 34%. On December 4, 1979, the American Ambassador to Jakarta, Mr. Edward Masters, told the U.S. Congress that:

> The neighboring province of East Nusa Tenggara ... [is] in the best of times,...one of the poorest parts of Indonesia. It has the lowest per capita income in the nation--

> barely $32 per year [i.e. about 10¢ a day]...
> Sixty percent of [its] pre-school children...suffer
> from malnutrition.

Can an Indonesian population of this kind, already saddled with over $15 billion dollars in outstanding external debts, and still reeling from the bankruptcy, with over $10.5 billion in debts of the military-controlled state oil company Pertamina -- a disaster which one expert has called "the greatest peacetime financial loss ever suffered by one country relative to national income"-- endure all the additional burdens of the East Timor adventure?

Finally, at various times, and to various audiences, the Jakarta governme has suggested that its actions in East Timor have been taken with Indonesia's security interests at heart. How sincere this concern has been from the very start can be judged by then Foreign Minister, now Vice President, Adam Malik's light-hearted letter to Fretilin representative Mr. Jose Ramos Horta in 1974, in which he specifically said that independence was the right of every country "with no exception for the people of Timor," adding that Indonesia had no ambitions in East Timor, and sought good relations with "whoever will govern East Timor in the future after independence." Can we really suppose that Mr. Malik would have been permitted such a written statement if Indonesia's security had honestly been thought to be threatened? A further clear proof of Jakarta's insincerity in this regard is that its main arms purchases over the past five years have been Rockwell OV-10s, F5E jets, and, most recently, A-4 Skyhawks. Of all these planes it could be said what an American official has recently written of the Skyhawks, namely that they are "ground-support aircraft of no conceivable use except against insurgents and as a symbol of military modernization." In other words, all of these purchases have been made, not to defend Indonesians from any credible external threat, but to annex a country that, in the words of Rear Admiral Gene La Rocque to the U.S. Congress, "is too small, poor, and under-developed to be a military threat to anyone in the foreseeable future."

In summary, then, I believe the facts and the record show that the attempted annexation of East Timor represents nothing more than the short-sighted aggrandizement of the small military-dominated clique that now rules in Jakarta. The policy commands negligible popular support and is in violation of long-standing nationalist tradition. It has proved extremely costly to Indonesians, if not their government, in terms of a damaged international reputation, of lives lost, of families stricken, and of economic suffering, and is certain to continue do so. Nor has it served any genuine Indonesian security interests. Although theSuharto government has, more or less off the record, expressed fears that an independent East Timor might serve as a base for "communist aggression," the Fourth Committee is doubtless well aware that: Jakarta's relations with the Soviet Union are sufficiently cordial that it receives significant aid from Moscow; that a reopening of relations with the Chinese People's Republic has been under discussion for some time ~~is rumored to be imminent~~; and that General Benny Murdani, architect of the East Timor aggression, recently visited the Socialist Republic of Vietnam to act as "honest broker" between Hanoi and the ASEAN state on the question of Kampuchea.

Once we recognize that the occupation of East Timor in no conceivable sense represents any real national interest of Indonesia's 143,000,000 populati what then can and should be done to end it? If the Fourth Committee will permi

I would like to make the following three proposals:

1. That the Committee and the General Assembly, firmly maintain their principled stand on the East Timorese people's right to self-determination, and their repudiation of the Suharto government's attempted annexation.

To underscore the cogency of my second proposal, I would like to remind the Committee, and above all the delegate of Indonesia, of a precedent set by the United Nations of ironic relevance in this context. During their bitter fight for independence between 1945 and 1949, the Indonesian nation found in the United Nations not only a desperately needed forum for the expression of its aspirations to independence, but also diplomatic and moral support of incalculabl value -- support, may I add, that the Indonesian people have never forgotten. Dismissed by the Dutch authorities as the representative of an extremist minority, Indonesia's former Prime Minister, Sutan Sjahrir, was yet permitted to plead his country's cause before the Untied Nations at Lake Success. And, in the face of so-called military faits accomplis by the Dutch, was thereby able to assist the United Nations in a historical reversal. In late 1948, Dutch colonial forces occupied every major urban center in Indonesia, and declared the "insurgency" over -- just as the present Jakarta colonial forces have occupied East Timorese "urban" centers, and declared the East Timorese "insurgency" over. But just one year later, Dutch and Indonesian governments were signing the accords which formally transferred sovereignty to the Indonesia people. If we ask what made this historic reversal possible, the answer, I thin is a combination of four things, all of which have direct application to what I believe must today be a parallel reversal on East Timor: the power of world opinion, as manifested in the United Nations; Indonesian resistance; a growing bad conscience among the Dutch; and the friendly pressure of Holland's allies.

With this brief "flashback" as a frame of reference, I would proffer as my second proposal that the Fourth Committee, and the General Assembly, use its Good Offices to encourage the government of Portugal to resume, temporarily and in all disinterestedness, its decolonizing responsibilities. Surely, after colonizing the people of East Timor for more than four centuries, the people of Portugal feel a moral obligation not to surrender them cynically to another colonialism? I believe that the generally constructive role played by Lisbon since 1974 in the decolonization of its former African colonies, confirms my faith. In addition, recent statements by the democratically-elected government of Portugal point in the same promising direction. Should Lisbon resume responsibility for a speedy, orderly, and democratic decolonization of East Timor I am confident that its recent record gives every evidence that this task will be fairly performed. The fact that democratic Portugal has broken off relations with the military government in Jakarta since the 1975 invasion and has refused to relinquish its legal responsibilities in East Timor is additional evidence for this view. I am sure that all parties in East Timor would be willing, if the United Nations lent its good offices, to have the Portuguese resume their decolonizing functions for sufficient time to permit a free exercise of the East Timorese people's right to determine their own future. Indeed, I believe that Portugal owes them no less. Surely if Portugal requested the assistance of the United Nations in carrying out this responsibility, both the United Nations as whole, and the East Timorese people,would warmly welcome such assistance.

3. My third proposal relates to Indonesia' friends and allies. As in 1948-9, so in 1980-1, the role of the colonizing power's allies is of great importance.

In the earlier period, an on-the-whole constructive role was played by Holland's key ally, the United States. Today, the state whose assistance is most urgently needed is, once again, the United States. In 1948-9, the United States finally acted, not only in accordance with decent world opinion, but on the basis of its own enormous financial and military contributions to the Dutch. By 1949, almost all the costs of Holland's attempted colonial reconquest were being underwritten by America. Washington eventually made it clear that this assistance could not, and would not, be continued if there were not a substanti change in Dutch policy. By a melancholy historical irony, the United States today has come to play a role vis-a-vis Jakarta that parallels its earlier role with The Hague. By the U.S. State Department's frank .. admission, the initial invasion of East Timor was done with 95% American equipment, and in clear-cut violation of the 1958 U.S.-Indonesian bilateral arms agreement. All major arms acquisitions by Jakarta since 1975 have come from the United States, and the bulk of these have taken the form of counterinsurgency equipment. If America is alone in its key contributions to Jakarta's military power, it share with Japan the leading role in developing its economic resources. 60% of Indonesia's total foreign trade is with America and Japan. 85% of all oil investment in Indonesia since 1967 has been American. The United States and Jap together with the World Bank, have provided the overwhelming bulk of the more than $15 billions in aid that the Suharto government has received since 1967. And only the U.S. and Japan, of the leading industrial democracies, have given diplomatic recognition and support to Jakarta's colonial aggression. (None of the United States' Western European allies has followed its example.)

Surely it is not asking too much for the United States and Japan to use thei influence in a constructive fashion, just as the U.S. did thirty years ago, to align themselves with world opinion and common human decency, and use the good offices to persuade the Suharto government to accede to a free expressi of the East Timorese people's wishes for their political status, guaranteed by the United Nations, and administered by Portugal. Should, contrary to my judgment, Jakarta have genuine security concerns in East Timor, there is absolutely no reason why such interests could not be satisfied in the proces of civilized negotiations between the respective parties, supervised by the United Nations.

It would be dishonest to deny that the process that I have outlined wou not mean some loss of face for the Suharto government, just as The Hague Acc of 1949 involved some loss of face for the Dutch government of the day. But I have always understood that the Fourth Committee, like the General Assembl takes the long and deep view, and thinks of peoples more than passing regim The Dutch government that "lost face" in 1949 has vanished into history. Contrary to many conventional expectations at the time, the Dutch economy after 1949, far from going into a decline with the loss of its huge Asian colonial possession, began an era of unprecedented, accelerating prosperity. The psychological poison and the economic drain of the colonial relationshi removed, Holland's internal politics became more harmonious and democratic, allowing it, in the 1960s and 1970s, to develop a wholly new, friendly, and cooperative relationship with its former colony. Similarly, there is every reason to believe that, in the longer historical perspective, the loss of fa for a transient Suharto government will quickly become a dim historical memory. Like the Dutch, the Indonesian people will benefit, not suffer, from a reversal of colonial policy. Liquidation of the East Timor colonial adventure will remove some of the poison in Indonesia's own domestic politics, and should make possible, in the not-too-distant future, a friendly, harmonious, and decent relationship between the peoples of Indonesia and of East Timor.

I sincerely believe that the proposals I have outlined above are eminently practicable, consistent with the mandate of this Committee and the U.N. Charte and in the long term interest of every nation involved. To be sure, the immediate intersts of the small group of men who now hold power in Jakarta may be adversely affected: yet we may remember that the man who in 1974 said that Indonesia would seek good relations with "whoever will govern in Timor in the future after independence" is Vice President of Indonesia today. In any case, the people of Indonesia will be there long after Suharto and his associates are gone. It behooves this Committee above all, concerned as it is with peoples, millions of ordinary human beings, beyond any temporary government or regime, to stick by its principles, and to think about the long-term future rather than momentary exigencies. I earnestly request the Committee to play the constructive and humane role which it is uniquely mandated to perform, and, in general outline, if not in specific demarches, follow through on the proposals that I have just submitted to it.

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Appendix III
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BENGAL, BIAFRA & THE BIGNESS BIAS

By *Nathaniel H. Leff*

U.S. foreign policy in most areas of the world has been biased in favor of bigness. In the Mutual Security Act of 1952 Congress committed the United States to supporting "political federation, military integration and economic unification in Europe." In the Third World we have favored steps which brought nations together and viewed with horror the possibility that states created by European colonial powers—like India, Nigeria, and the Congo—might break up into their constituent parts. "Integration" and "unification" are plus words in the U.S. diplomatic lexicon; "break-up," "dissolution," "secession" carry negative connotations. Our "neutrality" in the Nigerian civil war clearly favored the central government, and we sent military supplies to Pakistan after the outbreak of hostilities in Bengal.

Small countries have, in our typical view, been militarily vulnerable, politically weak, and economically unviable. We have, in particular, been obsessed with the need for large internal markets to promote economic development in the Third World. "With fourteen countries of less than five million people each," as Lyndon Johnson remarked with respect to West Africa, economic development requires "increased support for cooperative economic enterprises."

The United States has often been accused of attempting to remodel the rest of the world in terms of American social, economic, and political institutions. As a continental power, organized as a political federation to form the world's largest economy, we have implicitly also attempted to get other nations to measure up to American standards of size. It is not at all clear, however, if this bigness bias is in our interest. And there are good reasons to question whether it is in fact in the interest of the less-developed countries.

On humanitarian grounds, there is of course a strong case to be made for supporting a people's right to be governed by those whom they consider to be their own kind. The principles of national self-determination and anticolonialism are presumably valid regardless of whether the outside rulers are of Western origin or come from a neighboring region within a less developed country. But arguments concerning the presumed economic advantages of size have been used to counter these principles. It has been suggested that, in the interests of the poor countries, fragmentation should be opposed because it would lead to the proliferation of many separate units too small to be economically viable. That is, the successor states would have national incomes and markets too small to permit an economy to function effectively, let alone to proceed with rapid economic development.

Growth Comes in Small Packages

This theory of the economic advantages of large developing nations is intuitively appealing. However, it is not borne out by the actual experience of the less-developed countries. If large population size were an advantage for economic growth, it might be expected that, over time, the most populous countries would have attained the largest per-capita incomes. In practice, this has not occurred. Indeed, China, India, Indonesia, and Egypt are among the world's poorest countries. A similar conclusion concerning the economic strength of the small countries emerges if we consider the size of developing nations in terms of their gross national products rather than populations. During the postwar period, many small states—for example, Taiwan, Hong Kong, Malaysia, Lebanon, Cyprus, Gabon, Panama, and the Central American countries—have grown at rates equal or superior to those of larger countries like India, Indonesia, Brazil, and Argentina. More generally, the view that larger countries have a development advantage over smaller countries would imply a positive correlation between the economic size of developing nations and their rates of growth. In fact, a rank correlation computed between GNP and rates of growth for 47 developing countries during the years 1960-1965 (the period for which data were available) indicated no such relation.[1] Clearly, many factors other than size affect the pace of development, but the data do not suggest that the large countries have done better than the smaller countries.

Upon consideration, this should not be too surprising. The view that small nations lack a market sufficiently large to permit economic growth considers only the *domestic* market. This exclusive focus on the internal market coincides with the autarkic perspective which is frequently encountered in the underdeveloped countries. However, this approach to development neglects the opportunities open to poor nations to sell many products in a market large enough to offer all the gains of specialization and economies of scale—the world market. The importance of these advantages should not be minimized. Despite the conditions which are often cited to explain why Third World exports might be expected to grow only very slowly, if at all, exports of many less developed countries have in fact grown at a very high rate during the postwar period.[2]

Until very recently the large developing nations have done much less well than their smaller brethren in this expansion of exports. This has occurred not only in primary commodities but also in manufactured products, in which the larger countries, with their greater internal markets and scope for economies of scale, might be expected to possess a strong comparative advantage. As the examples of Hong Kong and Singapore indicate, however, a large internal market is no precondition for the development of industrial exports.

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[1] *In fact, the Spearman rank order coefficient was mildly negative, —.11, though not significant at conventional confidence levels. The data for this computation were taken from Everett E. Hagen and Oli Hawrylyshyn,* "Analysis of World Income and Growth" Economic Development and Cultural Change, *Part II, (October, 1969).*

[2] Wilson et al, *"The Income Terms of Trade of Developed and Developing Countries,"* The Economic Journal, *December, 1969.*

One of the main reasons for the better export performance of the smaller developing nations is directly related to country size. Countries like India and Brazil have been impressed by their large size and the opportunities it appears to offer for an "inward looking" pattern of development. Accordingly, they have followed a set of policies, especially in the maintenance of unrealistic exchange rates, which has hampered the growth of traditional and new exports. Policymakers in the smaller countries might like to follow a similar course. The very smallness of their economies, however, has brought home to states like El Salvador and Lebanon the fact that they cannot afford to forgo the development opportunities which come with maintaining relatively open economies.

Illusions of Size

Ironically, the size of the larger states is very much an illusion. Although countries like India, Indonesia, Nigeria, Argentina, and Brazil have large expanses of territory and large populations, in terms of *economic* size they are all fairly small. Because of their low levels of per-capita income, and because of the large share of consumer expenditure which at those income levels must be allocated for basic subsistence consumption, the domestic markets which even the "largest" developing countries offer to local industrialists are smaller than those of a nation like Belgium. The medium and small-size European countries are painfully aware that they cannot afford to neglect opportunities for economic growth offered by trade. Because of their apparent size, however, the larger developing countries have been persuaded that they *can* afford such a course. In these conditions, territorial fragmentation would have the salutary effect of alerting policy-makers to the gains from a more open pattern of development.

In stressing the better export experience of many countries which are manifestly small, one is not condemning small less-developed nations to an economic future of remaining mere raw material suppliers to the world economy. On the contrary, export expansion and domestic industrialization can be complementary rather than alternative patterns of development. Many countries which have shown a high rate of expansion in commodity exports have also experienced a rapid pace of industrial development. For, as their incomes have risen, demands for manufactured products have grown even more rapidly than they could be supplied from importation. This has created a market opportunity for domestic industrialization. Thus small, export-oriented states like Peru, Ecuador and the Central American countries have also experienced annual rates of industrial growth of 6 percent and above during the 1960's.[3] By contrast, in the larger Third World nations, industrial development has frequently been slowed precisely because of the low growth of exports and the ensuing import bottlenecks; for shortages of imported raw materials and intermediate products have proved to be a major constraint on their rate of industrial development.

The Habsburg Phobia

A small internal market poses no inherent difficulties for the economic development of small states. Many of the doubts concerning the economic viability of fragmented states appear to stem from an irrelevant historical analogy—the experience of the successor states to the Austro-Hungarian Empire. Those states suffered serious economic difficulties due to the severance of demand from regional markets which were separated by the new political frontiers. The various regions of the pre-1918 Habsburg Empire, however, were economically integrated by rail and river transportation to a far greater degree than most of today's large African and Asian countries. Moreover, since the 1920's, economists and governments have made considerable progress in the analysis and management of aggregate demand to prevent such recessions. A decline in demand from regional exports can be offset by government stimulation of domestic demand from other quarters. These policy possibilities for maintaining aggregate demand, which are the standard tools of contemporary economic policy, were not available to orthodox policy-makers in the Habsburg successor states.

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[3] *United Nations*, Yearbook of National Accounts Statistics, 1968, Vol. II *(New York, 1959)*, p. 107.

Another possible problem for small countries, however, is that they might have to incur disproportionately large financial burdens in order to maintain an adequate public administration. If this were the case, one would expect that the share of government administrative expenditures in national income would be greater for large developing nations. This has not been the case, however. A statistical study conducted by Dr. Ved P. Gandhi for a large number of developing countries found no evidence for any such governmental "economies of scale." More generally, a recent United Nations study of public administration problems in very small states concluded that such countries have both advantages and disadvantages from an administrative standpoint. From the study's exposition it is not at all clear that the latter outweigh the former.[4] One can imagine the existence of certain institutional "economies of scale" which may be possible for larger countries. When disparate social elements are involved, however, there are also special costs. Among these are the tensions (and efforts to reduce them) which are involved simply in trying to hold the country together.

Some of the special problems which smallness seems to pose for economic development are more apparent than real. One can discern positive benefits in fragmentation.

Gains from Fragmentation?

As noted earlier, none of the developing nations is really large enough in an economic sense to benefit from the advantages of great size. The larger ones have, however, suffered from a severe handicap—the *illusion* of size and the ill-conceived policies to which this has led. Fragmentation might have the beneficial effect of forcing a reassessment of these policies. Paradoxically, the proliferation of many small new states might also provide the stimulus to the effective implementation of arrangements for customs unions. These would make available any economic advantages afforded by greater economic size without the disadvantages of outside political and cultural domination. With the exception of the Central American Common Market, where the smallness of the parties concerned made the need for such arrangements painfully evident, most proposals for broader economic integration among the developing nations have foundered in the face of the political resistance of the national governments involved. While "large" countries may not appreciate the need for an effective common market, the necessity for such arrangements would be much clearer to policy-makers of fragmented states.

Fragmentation might also help the mobilization and allocation of capital and other scarce resources for development. First, there may be savings on the volume of military spending. This might of course be expected to be reduced by avoiding the anticipatory or actual costs of waging a civil war. In addition, expenditure on armaments may be a function of a country's pretensions concerning the magnitude of its role in international politics, and may accordingly be lower for smaller countries. Data available on the share of armaments expenditure in the national product of developing nations support this suggestion: unless involved in special conflict

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[4] *United Nations Institute for Training and Research,* Status and Special Problems of Very Small States and Territories *(New York, 1969), p. 162.*